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BY THE HOUSE OF DELEGATES,

January 21, 1868.

Read and ordered to be printed.

By order,

MILTON Y. KIDD,

Chief Clerk.

REPORT

OF THE

COLLECTORS

APPOINTED BY THE GOVERNOR FOR THE

COLLECTION OF STATE TAXES

IN THE

CITY OF BALTIMORE.

ANNAPOLIS:

WM. THOMPSON OF R., PRINTER.

1868.

1870

THE HOUSE OF REPRESENTATIVES

1870

Printed by the Government Printer

REPORT

COLLECTORS

COLLECTION OF STATE TAXES

FOR THE YEAR 1870

1870

THE HOUSE OF REPRESENTATIVES

STATE TAX OFFICE.

The Act of 1865, chapter 155, page 264, looking to an entire separation of the collection of the State taxes from those of the city and counties, provides that a separate Collector or Collectors of State taxes shall be appointed for each of the legislative districts of the city, who shall give bond for double the amount of taxes to be collected in their respective districts, and expressly forbids either the Mayor and City Council of Baltimore, or the County Commissioners in the several counties, to provide any fixed annual or stated compensation of any kind for the collection of the State taxes, otherwise than by a per centum as directed in the 75th section of Article 81, Public General Laws.

It further provides, that said Collectors shall be appointed by the County Commissioners of the several counties and by the Mayor and City Council of Baltimore, on the first Tuesday in April annually, and in the event of their failure to make such appointments within twenty days, the Governor shall, by the first of May, make the appointments from any part of the State. This provision merely reiterates the General Law on the same subject, which will be found in sections 33, 39 and 76, Article 81.

The framers of the Act of 1865 were evidently not aware of the local difficulties surrounding the execution of that law, and the impossibility of a literal compliance with some of its provisions.

The present assessment was made in 1858, and the ward books are in conformity with the wards as they then existed. A subsequent division of the wards in 1860, without increasing the number, changed the boundaries of the whole of them, and again in 1864 the city was divided into three legislative districts, on the basis of the then and now existing wards.

This rendered the separation of the assessment books into districts, as contemplated by the Act, an impossibility so far as it related to the collection of the State taxes for 1867. It would have involved a labor almost equal to a new assessment, the clerical part alone, in the transcribing and arranging the assessment books into proper ledgers would have exceeded 12,000 folio pages, and could not by any possibility have been completed in time to collect the taxes for the year.

A second and equally fatal difficulty arose from the fact that while the law of 1865 provided for the establishment of three separate offices for the three districts, the maximum compensation of ten per cent. allowed by the General Law (sections 75 and 76, Article 81,) would have been insufficient to pay the expenses of three separate offices, particularly in view of the small State levy for the year.

While it was thus impracticable to carry out the requirements of the law, the condition of the State Treasury rendered the collection of the State taxes in some shape or form an absolute necessity.

A large number of Collectors had been appointed from time to time by the Governor, each of whom, as he ascertained the difficulties surrounding the case, promptly resigned.

Finally in the month of July it was offered to the present incumbents. After a thorough examination of all the embarrassments connected with it, they determined to accept it on the basis of a plan they submitted to the Governor, who referred it to the Attorney General, who after much examination approved of it officially.

In this plan they took the position (perhaps not a legal one) that the object of the law was the collection of the State's revenue, and the form of the law was the mere machinery by which the object was to be attained, and where the form was impracticable it should yield to an imperative State necessity.

They proposed—

1st. That the three districts should be blended into one, with one office and one set of books; this was necessary in order to bring the expenses within the limit of compensation prescribed by the Code.

2nd. That each of the three Collectors should be commissioned for each district; this was within the scope of the law and was a mere prudential measure to prevent difficulty in the forcible collection of taxes.

3rd. The inauguration of a system by which all the business of the office would be closed daily, and the amount of collections deposited each day to the credit of the State, in some bank, to be selected by the State Treasurer.

4th. That instead of the unreasonable and unnecessary bond (\$480,000) prescribed by the law, a joint bond would be given for \$50,000, to be approved by the Governor, it was suggested that separate bonds might be given by the Collectors, based on some estimated amount for each district; but a bond of that character would have been worthless, inasmuch as its liability could never be defined or ascertained.

5th. That the Collectors would perform this service for a commission of 8 per cent., or $1\frac{6}{10}$ cents in the \$100 of the

levy, and pay all office expenses. The commission paid in 1866 was $1\frac{5}{10}$ cents—the then Collectors being at little or no expense.

The proposition was accepted by the Governor after endorsement by the Attorney General, but here another difficulty presented itself. It was necessary to obtain a copy of the tax accounts in ledger form, from the office of the City Collector.

Section 42, Article 81, General Laws, makes it the duty of the Clerk of the Appeal Tax Court, to furnish the State Collector with a fair and accurate copy of the assessment within ten days, and Section 44, same article, makes failure or refusal to do so an indictable offence, with heavy penalties.

The compliance of the Clerk of the Appeal Tax Court with this requirement, was an impossibility, as it involved the copying of nearly four thousand folio pages, or six months work for one clerk, and no provision had been made by law for having it otherwise performed or paid for.

In this dilemma the Collectors immediately employed and paid for the necessary labor, obtained the tax list, certified by the clerk of the Appeal Tax Court, and on the 13th of August opened their office and entered upon their duties, and they may be permitted without egotism to say that they gratulate themselves on the fact, that in the face of all the embarrassments, natural and imposed, which surrounded them, and the late period at which they commenced operations, they have collected and paid into the State Treasury a larger per centage. of the tax than has ever been received either by State or city during any entire year since the formation of the State Government.

The object of the framers of the law of 1855 in prohibiting the County Commissioners and the Mayor and City Council of Baltimore from compensating the State Collectors in any other form than by a per centage. on the collections, is apparent in the well known and universally recognized fact, that an employee, whether he be a common laborer or a commissioned officer, will perform his labor or his duties with more efficiency and dispatch where his remuneration depends entirely on his industry and exertions, and the reverse proposition is equally true, that where the compensation is fixed or stated without reference to the service to be performed, but little efficiency is exhibited or expected.

The combining of the collection of the State and City taxes in the same office, and by the same Collector, must, in any aspect of the case, work to the disadvantage of the State. Governed by totally different laws, with different periods of maturity and widely varied rates of discount, and subject to different modes of compulsory payment, they cannot under

existing laws, harmonize together, to the interest of either State or city, for several reasons.


1st. The interest of the State demands promptness in the collection and receipt of its revenue. On the contrary, the interest of the city tax officers is furthered by delay, the income of at least ten of the employees depending almost entirely upon the fees and costs arising from non-payment of taxes at stated periods, which income would be destroyed by a prompt and efficient collection.

2d. The existing State laws which require settlements from the Collectors only twice in each year, (January and April,) not only damage the State in the loss of interest, but endangers the revenue by permitting large amounts to remain in the hands of the Collectors, who will, in spite of the impropriety and danger to themselves and their bondsmen, endeavor to increase their salaries by using the money in some shape or form for their individual advantage. Fully nine-tenths of the losses incurred by the State may be traced to this cause. One unfortunate speculation leads to an increased use of the public money with the hope of making it good, and the certain result is loss to the State and ruin and disgrace to the officer, the bondsmen invariably finding some legal flaw in the bond and escaping harmless.

The system inaugurated by the present State Tax Collectors obviates all those difficulties. The State receives daily its revenue; no loss can occur either to the State or the bondsmen of the Collectors; the taxes are collected with more promptness and certainty, particularly the personal or movable portion, which, from its ever-changing character, in a large city, is subject to loss arising from delay, and the daily settlement of all its business avoids all trouble or embarrassment which might arise from the death or removal of the Collectors, while the people are not soured and worried by warrants and distrains from Constables and Bailiffs whose living depends upon the inefficiency of the Collector and the forgetfulness of the tax-payer.

LAWRENCE SANGSTON,
GEORGE HARTZOG,
JOHN K. CALDWELL,

State Collectors.



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